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EX PARTE OR LATE FILED

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August 15, 2002

RECEIVED

AUG 15 2002

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**Re: EX PARTE / ERRATA**

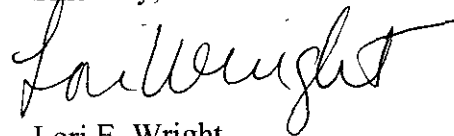
***In the Matter of Qwest Communications International, Inc.  
Consolidated Application for Authority to Provide In-Region,  
InterLATA Services in Colorado, Idaho, Iowa, Nebraska, and North  
Dakota; WC Docket No. 02-148***

Dear Ms. Dortch:

On August 13, 2002, WorldCom, Inc. (WorldCom) filed electronically the attached ex parte, but only one of the pages of the Excel spreadsheet appears on the Commisison's ECFS website. WorldCom therefore is filing in paper copy the entire ex parte filing, attached.

Please call me with any questions about this matter.

Sincerely,



Lori E. Wright

Enclosures

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August 13, 2002

**FILED ELECTRONICALLY**

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**Re: EX PARTE**

***In the Matter of Qwest Communications International, Inc.  
Consolidated Application for Authority to Provide In-Region,  
InterLATA Services in Colorado, Idaho, Iowa, Nebraska, and North  
Dakota; WC Docket No. 02-148***

Dear Ms. Dortch:

WorldCom, Inc. (WorldCom) hereby files revised price squeeze analyses in the above-referenced docket to reflect slight reductions in Qwest's rates for unbundled network elements (UNE) that occurred after WorldCom filed its comments in this proceeding. Despite the revised rates, there continues to be, consistent with our comments in this docket, an insufficient gross margin in zones 2 and 3 in all five states (Colorado, Idaho, Iowa, Nebraska, and North Dakota) and an insufficient gross margin in zone 1 in Iowa and Idaho.<sup>1</sup> The revised price squeeze analyses, attached hereto, also show that in four of the five states in question, the statewide average gross margin continues to be insufficient.<sup>2</sup> As explained in our comments in this proceeding, we perform a price squeeze analysis by subtracting the costs of leasing UNEs from the

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<sup>1</sup> See WorldCom Comments, *In the Matter of Qwest Communications International, Inc. Consolidated Application for authority to Provided In-Region, InterLATA Services in Colorado, Idaho, Iowa, Nebraska, and North Dakota*, WC Docket No. 02-148, filed July 3, 2002 (WorldCom Comments) at 32-34 and Exhibit 1.

<sup>2</sup> Only in North Dakota has the statewide average gross margin improved to any meaningful degree, *i.e.*, to a point where competitors have an opportunity to not lose money providing UNE-P residential service to the mass market.

monthly revenue a carrier would receive if it provided a standard measured product, one feature at the same retail price Qwest charges, and the SLC.<sup>3</sup> From that amount, *i.e.*, the gross margin, a carrier must recover its own internal costs, which exceed \$10 per-line per-month, as WorldCom has explained previously.<sup>4</sup> Thus, despite Qwest's adjustments to some of its UNE rates, the gross margin continues to be insufficient in significant portions of the states for which Qwest seeks section 271 authority here.

Please call me with any questions about this matter.

Sincerely,

///s///

Lori E. Wright  
Associate Counsel  
Federal Advocacy

cc: S. Morris, N. Guendelsberger, E. Yockus, M. Carowitz, G. Remondino, M. Cohen (DOJ), R. Harsch (DOJ), ND PSC, J. Jewel (ID PUC), P. Baker (IUB), C. Post (NE PUC), B. Smith (CO PUC), Y. Doran (Hogan & Hartson)

Enclosures

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<sup>3</sup> See WorldCom Comments at 33.

<sup>4</sup> See WorldCom Comments at 33.

### Current Colorado Price Squeeze

	State Average	Zone 1	Zone 2	Zone 3
Households (000)	1,653	94	1,243	316
% of Residential lines	100%	6%	75%	19%
Revenue:				
Local	\$25.42	\$25.42	\$25.42	\$25.42
Access	\$2.55	\$2.55	\$2.55	\$2.55
Total Revenue (1)	\$27.97	\$27.97	\$27.97	\$27.97
Telco:				
Unbundled switch port	\$1.15	\$1.15	\$1.15	\$1.15
Unbundled loop	\$15.85	\$5.91	\$12.31	\$32.74
Switch Feature	\$0.00	\$0.00	\$0.00	\$0.00
UNE switching & transport	\$4.85	\$4.85	\$4.85	\$4.85
DUF Charge	\$0.20	\$0.20	\$0.20	\$0.20
Total Telco (2)	\$22.05	\$12.10	\$18.50	\$38.93
Gross Margin	\$5.92	\$15.86	\$9.46	(\$10.97)

1 Includes line fee, 1 feature (Call Waiting @ \$4.50), SLC. Does not include the exchange zone increment.

2 Does not include NRC of \$.68.

Note: Analysis does not include WorldCom or other CLEC internal costs (e.g., billing, customer service, sales/acquisition, bad debt)

8/9/02

### Current Idaho Price Squeeze

	State Average	Zone 1	Zone 2	Zone 3
Households (000)	343	203	114	26
Density	100%	59%	33%	8%
Revenue:				
Local	\$25.92	\$25.92	\$25.92	\$25.92
Access	\$2.98	\$2.98	\$2.98	\$2.98
Total Revenue (1)	\$28.90	\$28.90	\$28.90	\$28.90
Telco:				
Unbundled switch port	\$1.34	\$1.34	\$1.34	\$1.34
Unbundled loop	\$20.21	\$15.65	\$23.76	\$40.50
Switch Feature	\$0.00	\$0.00	\$0.00	\$0.00
UNE switching & transport	\$4.80	\$4.80	\$4.80	\$4.80
DUF Charge	\$0.20	\$0.20	\$0.20	\$0.20
Total Telco (2)	\$26.55	\$21.99	\$30.10	\$46.84
Gross Margin	\$2.35	\$6.91	(\$1.20)	(\$17.94)

1 Includes line fee, 1 feature (Call Waiting @ \$5.50), SLC. (Line fee is an average of the retail rate groups.)

2 Does not include NRC of \$.71.

Note: Analysis does not include WorldCom or other CLEC internal costs (e.g., billing, customer service, sales/acquisition, bad debt)

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### Current Iowa Price Squeeze

	State Average	Zone 1	Zone 2	Zone 3
Households (000)	694	197	387	110
Density	100%	28%	56%	16%
Revenue:				
Local	\$21.90	\$21.90	\$21.90	\$21.90
Access	\$3.22	\$3.22	\$3.22	\$3.22
Total Revenue (1)	\$25.12	\$25.12	\$25.12	\$25.12
Telco:				
Unbundled switch port	\$1.15	\$1.15	\$1.15	\$1.15
Unbundled loop	\$16.23	\$12.69	\$15.14	\$26.39
Switch Feature	\$0.00	\$0.00	\$0.00	\$0.00
UNE switching & transport	\$5.28	\$5.28	\$5.28	\$5.28
DUF Charge	\$0.22	\$0.22	\$0.22	\$0.22
Total Telco (2)	\$22.88	\$19.34	\$21.79	\$33.04
Gross Margin	\$2.23	\$5.77	\$3.32	(\$7.93)

1 Includes line fee, 1 feature (Call Waiting @ \$5.50), SLC (\$4.72). (Line fee is an average of the retail rate groups.)

2 Does not include NRC of \$.69.

Note: Analysis does not include WorldCom or other CLEC internal costs (e.g., billing, customer service, sales/acquisition, bad debt)

8/9/02

### Current Nebraska Price Squeeze

	State Average	Zone 1	Zone 2	Zone 3
Households (000)	346	281	36	30
Density		81%	10%	9%
Revenue:				
Local	\$31.37	\$31.37	\$31.37	\$31.37
Access	\$3.09	\$3.09	\$3.09	\$3.09
Total Revenue (1)	\$34.46	\$34.46	\$34.46	\$34.46
Telco:				
Unbundled switch port	\$2.47	\$2.47	\$2.47	\$2.47
Unbundled loop	\$18.09	\$12.14	\$28.11	\$62.50
Switch Feature	\$0.00	\$0.00	\$0.00	\$0.00
UNE switching & transport	\$5.41	\$5.41	\$5.41	\$5.41
DUF Charge	\$0.19	\$0.19	\$0.19	\$0.19
Total Telco (2)	\$26.16	\$20.21	\$36.18	\$70.57
Gross Margin	\$8.30	\$14.25	(\$1.72)	(\$36.11)

1 Includes line fee, 1 feature (Call Waiting @ \$5.50), and SLC (\$5.16). (Line fee is an average of the retail rate groups.)

2 Does not include NRC

Note: Analysis does not include WorldCom or other CLEC internal costs (e.g., billing, customer service, sales/acquisition, bad debt)

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# Current North Dakota Price Squeeze

	State Average	Zone 1	Zone 2	Zone 3
Households (000)	141	125	10	7
Density	100%	88%	7%	5%
Revenue:				
Local	\$29.19	\$29.19	\$29.19	\$29.19
Access	\$5.08	\$5.08	\$5.08	\$5.08
Total Revenue (1)	\$34.27	\$34.27	\$34.27	\$34.27
Telco:				
Unbundled switch port	\$1.27	\$1.27	\$1.27	\$1.27
Unbundled loop	\$16.06	\$13.53	\$22.80	\$51.65
Switch Feature	\$0.00	\$0.00	\$0.00	\$0.00
UNE switching & transport	\$5.25	\$5.25	\$5.25	\$5.25
DUF Charge	\$0.25	\$0.25	\$0.25	\$0.25
Total Telco (2)	\$22.82	\$20.29	\$29.56	\$58.41
Gross Margin	\$11.44	\$13.97	\$4.70	(\$24.15)

1 Includes line fee, 1 feature (Call Waiting @ \$5.50), and SLC.

2 Does not include NRC

Note: Analysis does not include WorldCom or other CLEC internal costs (e.g., billing, customer service, sales/acquisition, bad debt)

8/9/02